

1Q 2024

American High-Income Municipal Bond Fund® quarterly attribution report



**CAPITAL
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As of March 31, 2024

Market overview

- **Investment-grade municipal bonds were down 0.4% for the quarter**, as reflected by the Bloomberg Municipal Bond Index. Interest rate volatility persisted as strong economic data and reduced rate-cut expectations lifted yields higher over the quarter. Investors who accepted more duration risk, or sensitivity to shifting yields, felt the most pain. At the March Federal Open Market Committee meeting, the 2024 dot plot projections from Fed officials for the central bank's key short-term interest rate, were left unrevised showing 75 basis points (bps) of cuts this year.
- **Market participants remain focused on the longer term deceleration trend** and continue to expect multiple rate cuts in 2024, with about a 50% probability that cuts commence in June. Starting municipal yields remain meaningfully above their 10-year average, providing a relatively attractive opportunity for investors with the potential for capital appreciation in the event policy rates are adjusted lower, as currently anticipated by markets.
- **Investment-grade municipal bonds (BBB/Baa and above) returned -0.4% over the quarter**, while high-yield municipal bonds rose 1.5% for the quarter, according to the Bloomberg High Yield Municipal Bond Index, reflecting the risk-on sentiment of investors over the period. On a relative basis, investment-grade municipal bonds outpaced both U.S. Treasuries and the broad bond market, as represented by the Bloomberg U.S. Aggregate Index.
- **Municipal credit spreads tightened over the quarter**, with high-yield spreads tightening by 34 bps and their investment-grade counterparts narrowing 29 bps. Spreads continue to exhibit resiliency, remaining below their long-term average due to sustained strong economic conditions. Overall, strong economic growth underpinned by the resilient labor market and consumer spending continue to be supportive of tax revenues and broader municipal credit fundamentals.

Market index returns (net of dividends)

For periods ended March 31, 2024 (%)

	Cumulative			Average annual		
	3 months	YTD	1 year	3 years	5 years	10 years
Bloomberg Municipal Bond Index	-0.39	-0.39	3.13	-0.41	1.59	2.66
Bloomberg High Yield Municipal Bond Index	1.51	1.51	7.91	0.55	3.03	4.55
Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index	1.47	1.47	11.15	2.19	4.19	4.44
Bloomberg U.S. Aggregate Index	-0.78	-0.78	1.70	-2.46	0.36	1.54
Bloomberg Global Aggregate Index	-2.07	-2.07	0.50	-4.73	-1.16	-0.07

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Past results are not predictive of results in future periods.

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Results

American High-Income Municipal Bond Fund

Figures shown are past results for Class F-3 and F-2 shares and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Prices and returns will vary, so investors may lose money. Investing for short periods makes losses more likely. For current information and month-end results, visit capitalgroup.com.

Returns (%)	Cumulative			Average annual				Expense ratio (gross/net)
	3 months	YTD	1 year	3 years	5 years	10 years	Lifetime	
For periods ended March 31, 2024								
American High-Income Municipal Bond Fund F-3	1.85	1.85	7.48	0.55	2.74	4.24	5.31	0.31/0.30
American High-Income Municipal Bond Fund F-2	1.82	1.82	7.37	0.45	2.63	4.12	5.19	0.42/0.41
American High-Income Municipal Bond Fund Custom Index	0.96	0.96	6.07	0.24	2.33	3.70	n/a	n/a
Bloomberg Municipal Bond Index	-0.39	-0.39	3.13	-0.41	1.59	2.66	4.64	n/a
Morningstar High Yield Muni Category Average	1.54	1.54	5.75	-0.83	1.54	3.32	4.29	n/a
Fund inception: September 26, 1994								

The broad-based index against which the fund measures itself is Bloomberg Municipal Bond Index. We have included as supplemental information the American High-Income Municipal Bond Fund Custom Index in the table and in the pages that follow. American High-Income Municipal Bond Fund Custom Index reflect results of the following indices: 50%/50% blend of the Bloomberg High Yield Municipal Bond Index and the Bloomberg Municipal Bond Index through December 31, 2015. From January 1, 2016 to current, 60%/20%/20% blend of the Bloomberg High Yield Municipal Bond Index (with 5% Tobacco Cap and 2% Issuer Cap), Bloomberg Municipal Bond BBB Index and the Bloomberg Municipal Bond Index, respectively. Results reflect dividends net of withholding taxes.

Certain share classes were offered after the inception dates of some funds. Results for these share classes prior to the dates of first sale are hypothetical based on the results of the original share class of the fund without a sales charge, adjusted for estimated annual expenses. (Inception date: Class F-2, August 1, 2008; Class F-3, January 27, 2017.) Results for certain funds with an inception date after the share class inception also include hypothetical returns because those funds' shares sold after the funds' date of first offering. Visit capitalgroup.com for more information on specific expense adjustments and the actual dates of first sale. Expense ratios are as of each fund's prospectus available at the time of publication.

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. When applicable, results reflect fee waivers and/or expense reimbursements, without which they would have been lower and net expenses higher. Visit capitalgroup.com for more information. The investment adviser is currently waiving a portion of other expenses. Net expense ratios reflect the waiver, without which they would have been higher. The waiver will be in effect through at least October 1, 2024. The adviser may elect at its discretion to extend, modify or terminate the reimbursement at that time. Refer to the fund's most recent prospectus for details.

Market indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. There have been periods when the fund has lagged the index. Index lifetime is based on the inception date of the fund.

Although our portfolios are compared to their benchmarks, portfolio managers manage them to be consistent with their investment objectives.

Sources: Bloomberg Index Services Limited, Morningstar.

American High-Income Municipal Bond Fund

1Q Quarterly analysis

Investment objective and approach

- The fund's investment objective is to provide a high level of current income exempt from regular federal income tax.
- With a strong focus on risk management, it provides exposure to a well-researched, broadly diversified portfolio of bond investments that are typically not available to retail investors, emphasizing higher yielding and lower rated municipal bonds.

Review and attribution

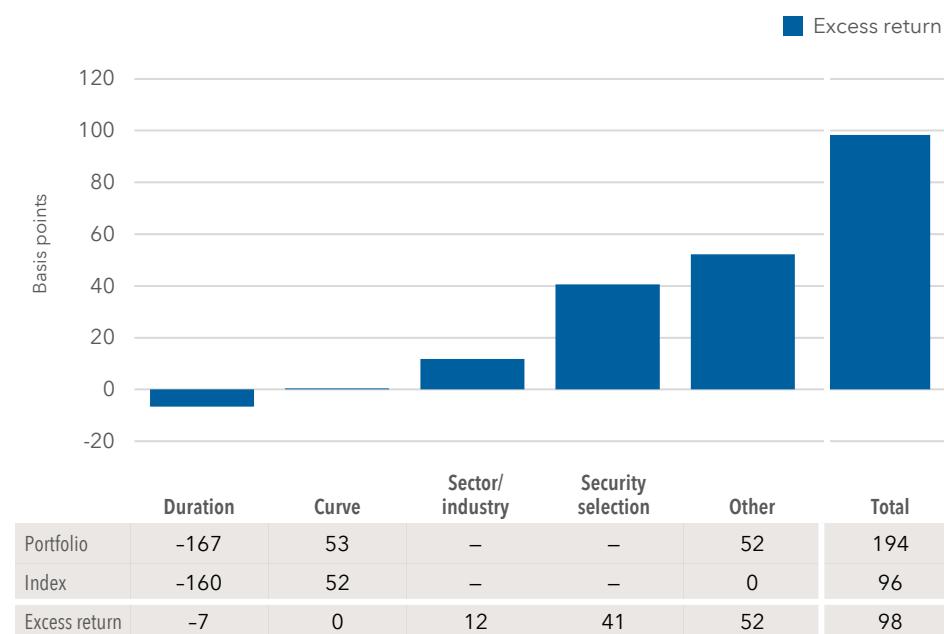
- For the quarter, American High Income Municipal Bond Fund generated a positive excess return relative to both the Bloomberg Municipal Bond Index and the American High-Income Municipal Bond Fund Custom Index. Sector and security selection were positive contributors to relative results. Curve positioning was neutral to returns compared to the custom index and duration was a detractor.
- The fund's duration was 0.12 years longer on average for the quarter relative to the custom index. As municipal rates rose across the curve over the quarter, the fund's longer duration detracted from relative returns.
- For sector selection, the fund's overweight to the housing sector detracted from returns compared to the custom index. Meanwhile, the fund's underweight position in general obligation debt and an overweight in corporate sector added to relative results.
- Security selection in the general obligation and health care sectors contributed to relative returns.
- The fund's below-custom index investment in Enviva and Buckeye Tobacco debt were the largest issuers that detracted from relative results.
- Among the fund's largest contributors to returns compared to the custom index were Puerto Rico Commonwealth and PureCycle Technologies.

Attribution overview

1Q Quarterly analysis

American High-Income Municipal Bond Fund vs. American High-Income Municipal Bond Fund Custom Index

Summary attribution effects



Totals may not reconcile due to rounding.

Ratings weights and returns

Rating	Weights (% market value)		Returns (%)		
	Portfolio	Index	Portfolio	Index	Relative
AAA/Aaa	1.07	2.74	0.03	-0.79	0.82
AA/Aa	5.77	11.00	-0.12	-0.59	0.47
A	11.81	5.02	0.36	0.06	0.31
BBB/Baa	17.96	21.14	1.05	0.65	0.41
BB/Ba	13.45	15.42	2.89	1.66	1.24
B	2.64	2.34	2.00	1.14	0.86
CCC/Caa & below	1.20	1.52	4.22	2.18	2.04
Unrated	46.11	40.83	2.65	1.44	1.21
Other	—	—	—	—	—
Total	100.00	100.00	1.94	0.96	0.98

Data as of March 31, 2024. Past results are not predictive of results in future periods.

Other: The attribution effect describing all other returns not included in duration, curve, sector/industry and security selection effects. Other effects include “valuation impact,” which describes differences in pricing methodology among commonly held securities in the portfolio and index. For the portfolio, other effects may also include any partial-day returns due to buying or selling a security intraday. For the index, other effects may include any differences in the return calculated by the attribution system vs. the return published by the index provider.

The other category in Ratings weights and returns table may include equities, rights, warrants, preferreds, convertibles, forwards and FX (foreign exchange) options.

Bond ratings, which typically range from AAA/Aaa (highest) to D (lowest), are assigned by credit rating agencies such as Standard & Poor's, Moody's and/or Fitch, as an indication of an issuer's creditworthiness. If agency ratings differ, the security will be considered to have received the lowest of those ratings, consistent with applicable investment policies. Securities in the Unrated category have not been rated by a rating agency; however, the investment adviser performs its own credit analysis and assigns comparable ratings that are used for compliance with applicable investment policies.

Data are gross of fees, unless otherwise noted. Refer to attribution methodology disclosure for additional information.

Sources: Capital Group, Bloomberg Index Services Limited.

Attribution overview

1Q Quarterly analysis

American High-Income Municipal Bond Fund vs. American High-Income Municipal Bond Fund Custom Index

Attribution detail

Sector	Portfolio			Index			Relative contribution				
	Weight (% market value)	Return (%)	Contribution (%)	Weight (% market value)	Return (%)	Contribution (%)	Duration & Curve (bps)	Sector/ Industry (bps)	Security selection (bps)	Other (bps)	Excess contribution (bps)
Top level	100.00	1.94	1.94	100.00	0.96	0.96	-6	12	41	52	98
General Obligation	6.87	2.20	0.15	10.56	0.27	0.03	3	3	15	-1	12
Corporates	17.84	2.35	0.42	12.94	2.02	0.26	2	4	-1	0	16
Education	10.91	1.88	0.20	9.42	0.01	0.00	-2	-1	6	14	20
Escrowed	1.02	0.04	0.00	1.07	-0.15	-0.00	1	0	-1	-0	0
Governmental - Non GO	1.36	-0.21	-0.00	3.04	0.04	0.00	1	2	0	-0	-1
Health Care	18.71	2.87	0.53	18.35	1.65	0.30	-1	0	12	11	23
Housing	8.34	1.53	0.13	6.94	0.72	0.05	-2	-4	0	9	8
Special Tax	21.50	1.80	0.38	14.06	1.12	0.16	-14	2	7	12	22
Tobacco	1.24	0.70	0.00	3.91	-0.54	-0.02	2	2	-0	5	2
Transportation	4.95	0.47	0.02	10.97	0.47	0.05	7	3	-3	1	-3
Utility	4.86	2.85	0.14	5.80	1.25	0.07	3	-1	7	-0	7
Miscellaneous	2.07	1.11	0.02	2.96	1.72	0.05	-0	-0	-1	0	-3
Derivatives	0.00	n/a	-0.07	—	—	—	-7	0	0	0	-7
Cash & Money Market	0.33	n/a	0.01	—	—	—	1	1	0	0	1

Data as of March 31, 2024. Past results are not predictive of results in future periods.

Other: The attribution effect describing all other returns not included in duration, curve, sector/industry and security selection effects. Other effects include "valuation impact," which describes differences in pricing methodology among commonly held securities in the portfolio and index. For the portfolio, other effects may also include any partial-day returns due to buying or selling a security intraday. For the index, other effects may include any differences in the return calculated by the attribution system vs. the return published by the index provider.

Cash, cash and equivalents, and cash and money market may include short-term securities, accrued income and other assets less liabilities as well as currencies. It may also include investments in money market or similar funds managed by the investment adviser or its affiliates that are not offered to the public.

Data are gross of fees, unless otherwise noted. Refer to attribution methodology disclosure for additional information.

Sources: Capital Group, Bloomberg Index Services Limited.

Attribution detail

1Q Quarterly analysis

American High-Income Municipal Bond Fund vs. American High-Income Municipal Bond Fund Custom Index

Contributors to curve adjusted returns (relative to index)

Largest contributors

Issuer	Portfolio weight (% market value)	Index weight (% market value)	Relative contribution (bps)
PUERTO RICO COMMONWEALTH OF (GOVERNMENT)	1.98	1.21	8
SOUTHERN OHIO PORT AUTHORITY	0.25	0.09	8
PUBLIC FINANCE AUTHORITY WISCONSIN	3.55	2.89	8
CSCDA CMNTY IMPT AUTH CALIF	1.68	1.06	7
PUERTO RICO COMMONWEALTH AQUEDUCT & SEWER AUTHORITY	1.49	1.21	5
IOWA FINANCE AUTHORITY	0.63	0.43	4
LONGS PEAK MET DISTRICT	0.23	–	4
ARIZONA ST INDL DEV AUTH EDU REVENUE	1.50	0.72	4
INDIANA ST FINANCE AUTHORITY	1.23	0.37	3
CHICAGO IL BRD ED	2.26	1.22	3

Largest detractors

Issuer	Portfolio weight (% market value)	Index weight (% market value)	Relative contribution (bps)
CALIFORNIA STATEWIDE CMNTYS DEV AUTH	0.41	1.70	-3
BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY	0.16	1.00	-3
TUSCALOOSA CNTY ALA INDL DEV AUTH	–	0.31	-3
OKLAHOMA DEVELOPMENT FINANCE AUTHORITY	0.05	0.51	-3
NEW HOPE CULTURAL EDUCATION FACILITIES CORP	0.62	0.93	-3
WESTCHESTER CNTY N Y LOC DEV CORP	0.14	0.37	-3
SUMTER CNTY ALA INDL DEV AUTH	–	0.07	-2
CALIFORNIA CMNTYS HSG FIN AGY	0.42	0.95	-2
MASSACHUSETTS ST DEV FIN AGY	0.28	1.01	-2
PORT BEAUMONT NAVIGATION DISTRICT	–	0.18	-2

Data as of March 31, 2024. Past results are not predictive of results in future periods.

Curve adjusted return: distinct from total return, this is the return remaining for a particular category of the portfolio or index once the impacts from common factors – such as currency, duration, yield curve and government carry – are excluded.

"Issuer" indicates that one or more issues of the same issuer have been rolled up and thus what is presented in the report is the Issuer Level data.

Data are gross of fees, unless otherwise noted. Refer to attribution methodology disclosure for additional information.

Sources: Capital Group, Bloomberg Index Services Limited.

American High-Income Municipal Bond Fund

Portfolio positioning and outlook

- Municipal bond market yields in the first quarter backed up along the curve an average of 34 basis points. The market reaction was driven by a view that the Federal Reserve was not going to be lowering rates as quickly as the market had anticipated. Going forward, the demand for municipal bonds should remain strong as investors transition out of cash and into an anticipated higher-for-longer rate market.
- Municipal credit spreads tightened over the quarter with high-yield spreads tightening slightly more than their investment-grade counterparts. Spreads continue to exhibit resiliency, remaining below their long-term average due to sustained strong economic conditions. Overall, strong economic growth, underpinned by the resilient labor market and consumer spending, continues to be supportive of tax revenues and broader municipal credit fundamentals.
- The municipal corporate-backed sector offers very compelling valuations. Airports/airlines is an area of focus for the portfolio. Airports have recovered and are at or starting to exceed pre-pandemic levels of travel. Valuations combined with a resilient economy make this sector a interesting place to invest.

Twenty largest obligors

American High-Income Municipal Bond Fund – portfolio as of March 31, 2024

Obligors	Yield (%)	Effective duration (yrs)	Portfolio (market value%)
Chicago Board of Education	4.4	5.3	2.2
Commonwealth of Puerto Rico	4.8	10.0	2.1
United Airlines Inc	4.7	2.6	1.8
Puerto Rico Commonwealth Aqueduct & Sewer Authority	4.2	8.5	1.4
Metropolitan Pier & Exposition Auth (Hyatt Regency McCormick Pl)	4.2	12.8	1.2
Delta Air Lines	4.0	5.8	1.2
New York City Municipal Water Finance Authority	4.3	0.2	0.8
COFINA	4.9	10.7	0.8
Waste Pro USA Inc	5.4	5.5	0.7
United States Virgin Islands Federal Excise Tax	4.2	6.6	0.7
ExxonMobil	4.6	0.0	0.6
Main Street Natural Gas Inc Ga	3.9	5.7	0.6
Black Belt Energy Gas Dist	3.9	5.0	0.6
Republic Services	4.0	0.6	0.6
New York City of	4.4	1.1	0.6
LONGWOOD HOUSING FOUNDATION LLC	5.4	9.8	0.6
American Airlines	4.4	0.9	0.6
LEGACY TRADITIONAL CHARTER SCHOO	5.0	5.8	0.5
North Pkwy Mun Mgmt Dist No 1 Tex Spl Assmt Rev	6.0	7.1	0.5
UIPA Crossroads Public Infrastructure District	5.2	10.5	0.5
Total obligors 1 through 20			18.4

Totals may not reconcile due to rounding.

The information shown does not include cash and cash equivalents. This includes shares of money market or similar funds managed by the investment adviser or its affiliates that are not offered to the public.

American High-Income Municipal Bond Fund

As of March 31, 2024

Attribution methodology disclosure

Attribution analysis explains relative investment returns between the portfolio and its index by decomposing that return difference in terms of the components relevant to the investment decision-making process. Attribution data are gross of fees. Past results are not predictive of results in future periods.

Fixed income attribution analysis was produced using a third-party software system developed by BISAM, a FactSet company, based on daily input data for both the portfolio and the index. Input data elements such as holdings, prices, transactions, bond analytics, yield curves and exchange rates were provided by Capital Group. Bond analytic data for both the portfolio and index use PolyPaths analytics engine calculation assumptions through May 25, 2018, and BlackRock Aladdin analytics engine calculation assumptions thereafter. The index is a broad-based market benchmark calculated by the index provider and may not be used by Capital Group as the sole comparative index for this portfolio. Capital Group believes the information from BISAM, PolyPaths, BlackRock and the index provider to be reliable. However, Capital Group cannot be responsible for inaccuracies, incomplete information or updating of information by these parties. The average portfolio weight percentages are approximate over the period and may not total 100% due to rounding. The actual average portfolio weight percentages might be higher or lower.

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2. The Plan fiduciary is responsible for exercising independent judgment in evaluating any transactions or services and is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies that Capital Group may market to the Plan; and
3. Capital Group is not undertaking to provide impartial investment advice, act as an impartial adviser or provide advice in a fiduciary capacity in connection with its distribution activities, and the parties agree that such activities will not be used as a primary basis for the Plan’s investment decisions.

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